



RELEASED COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

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Dear Mr. Brotzman:

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In your letter of May 3, 1971, you requested information concerning real property exchanges by the General Services Administration (GSA).

GSA made about 50 exchanges of Federal property for non-Federal property during fiscal years 1968, 1969, and 1970. The fair market values assigned by GSA, on the basis of appraisers' reports, totaled \$45 million for the properties exchanged and \$38 million for the properties received. For some of the exchanges, GSA also received cash payments totaling \$11 million. Thus GSA received \$49 million in cash and property in exchange for property valued at \$45 million.

As a means of measuring whether the Government received proper value for the properties it exchanged, we examined into several of the exchanged properties to determine whether any of the properties had been sold subsequently and, if so, to compare the sale prices with the fair market values assigned to the properties by GSA. We found that there had been very few sales of the exchanged properties, the only one of any significance was the Lowry Air Force Base property that was discussed in the newspaper article enclosed with your letter.

At a meeting on May 27, 1971, with your staff, it was agreed that, because of the few subsequent sales of the exchanged properties, we would furnished you with certain statistics comparing GSA's sale and acquisition prices of real properties with their appraised fair market values.

During the 3-year period ended June 30, 1970, GSA sold about 800 surplus real properties. GSA informed us that about 80 percent of these properties were sold through advertised, competitive bidding and the remaining properties were sold through negotiated sales. These properties were sold at prices totaling \$207 million which exceeded the appraised fair market values of \$193 million. Most of the sales were for relatively small amounts, and there was considerable variance between these sales prices and the related appraised fair market values.

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In sales value, 47 of the properties exceeded \$500,000 and, in total, accounted for about 90 percent of sales.

The relationship of these sales to appraised values is as follows:

<u>Number of cases</u>	<u>Ratio of sales price to appraised fair market value (percent)</u>	<u>Sales price</u>	<u>Appraised fair market value</u>	<u>Difference</u>
4	Over 130	\$ 3,396,000	\$ 1,804,000	\$ 1,592,000
3	120 to 130	12,027,000	9,733,000	2,294,000
18	110 to 120	45,304,000	40,407,000	4,897,000
18	100 to 110	117,606,000	113,231,000	4,375,000
2	90 to 100	2,369,000	2,448,000	-79,000
<u>2</u>	<u>80 to 90</u>	<u>4,000,000</u>	<u>4,884,000</u>	<u>-884,000</u>
<u>47</u>		<u>\$184,702,000</u>	<u>\$172,507,000</u>	<u>\$12,195,000</u>

During the same 3-year period, GSA purchased about 120 real properties for a total of about \$23 million. In almost all instances the purchase price was within 20 percent of the appraised fair market value.

Sincerely yours,


Deputy
Comptroller General
of the United States

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The Honorable Donald G. Brotzman
House of Representatives